

INFORMATIONAL LETTER NO. 2054-MC-FFS

DATE: October 24, 2019

TO: Iowa Medicaid Hospitals, Critical Access Hospitals, Children's Inpatient Facilities, Indian Health Services and Veterans Administration/Department of Defense Hospitals

APPLIES TO: Managed Care (MC), Fee-for-Service (FFS)

FROM: Iowa Department of Human Services (DHS), Iowa Medicaid Enterprise (IME)

RE: Present-On-Admission (POA) Reporting Requirement Clarification.

EFFECTIVE: Immediately

******This letter replaces Informational Letter No. 1108 dated March 13, 2012******

The Affordable Care Act (ACA) and Federal regulations prohibit Federal payments for health-care-acquired conditions ([ACA § 2702](#)¹ and [42 CFR § 447.26](#)², respectively). Both Federal regulations and the State Plan do not deny payment for an entire claim that contains a provider-preventable condition (PPC) but, instead, limit the reduction of the payment to the amount attributable to the PPC that causes an increase in payment and that can be reasonably isolated.

Previously, Iowa Medicaid had excluded Critical Access Hospitals (CAH) from these requirements believing that they were exempt following guidance from the Centers for Medicare and Medicaid Services (CMS). The Office of the Inspector General (OIG) has provided clarification of these regulations, saying POA reporting is required for all service providers receiving federal funds of any kind.

The IME previously announced that effective for discharge dates of September 1, 2011, and after, the IME would not pay for certain services related to preventable medical conditions or adverse events that occurred in the hospital. This change only affects (institutional) inpatient claims for type of bill: 11X or 18X. The non-payable conditions are called "Hospital-acquired conditions (HAC)." A HAC is a condition that is considered reasonably preventable and was not present or identifiable upon admission to the hospital, but is either present at discharge or documented after admission. For Medicaid payment purposes, the IME considers the specific conditions consistent with Medicare's HAC policy.

¹ <https://www.hhs.gov/sites/default/files/i-quality-affordable-health-care.pdf>

² <https://www.govinfo.gov/content/pkg/CFR-2011-title42-vol4/pdf/CFR-2011-title42-vol4-sec447-26.pdf>

“Adverse events” (or “never events”) are reportable events which are clearly identifiable, preventable and serious in their consequences for patients. Frequently, their occurrence is influenced by the policies and procedures of the healthcare organization. The POA indicator is a status code hospitals must use on inpatient hospital claims that are type of bill: 11x or 18x. The POA indicates if a condition was present or incubating at the time the order for inpatient admission occurred. The codes are listed on the table below.

Notes:

- Providers must continue to report POA indicators for any code on the CMS HAC list.
- If the POA indicator is left blank and the diagnosis code is on the CMS HAC list, the entire claim will deny.
- Providers should understand that claim payment will only be affected when the POA indicator is “N” or “U” and the code is on the HAC list.
- The IME will ensure that any future POA changes are consistent with Medicare.

The following are the POA indicator codes:

Code	Reason for Code
Y	Diagnosis was present at inpatient admission
N	Diagnosis was not present at inpatient admission
U	Documentation insufficient to determine if present at admission
W	Unable to clinically determine if present at time of admission
Blank	Diagnosis is exempt from POA reporting
1	Invalid indicator- do not submit

On the UB-04, the POA indicator is the eighth digit of Field Locator (FL) 67, Principal Diagnosis, and the eighth digit of each of the Secondary Diagnosis fields, FL 67 A-Q. In other words, report the applicable POA indicator (Y, N, U, or W) for the principal and any secondary diagnoses and include this as the eighth digit; leave this field blank if the diagnosis is exempt from POA reporting. For the 5010A1 837I electronic claim use the 2300 HI segment (data element 1073 specific to the 2300 HI primary and other diagnosis segments).

Hospitals must submit claims that carry the appropriate POA indicator. The claim will be processed according to the diagnosis-related group (DRG) methodology using the information contained on the claim. Those conditions described as not being present at the time of admission will be removed from consideration for payment. Bill types and/or diagnosis codes not subject to POA reporting do not require the use of the POA indicator. Claims with diagnosis requiring a POA indicator will be denied if the indicator is not present.

Outlier: Claims containing one or more diagnosis codes that require a POA and are submitted with an indicator of “N” or “U” (for HAC) that process indicating an outlier for either days or cost on claims showing zero for “non-covered charges” or “non-covered days” (respectively) will be denied. In these cases, providers should re-check the claims and, if appropriate, reconcile them to list the non-covered charges or days to account for the HAC. In cases where the claim was submitted appropriately (non-covered days and charges should remain at zero), it should be special handled as an inquiry through the Provider Services Unit by calling the number below for instruction and referring to this Informational Letter. Please make sure to write “Outlier Review for Medical Services” on the inquiry cover sheet so it will be routed properly at the IME.

On the UB-04, FL 39, 40, and 41 are used for non-covered room with value code 81 for non-covered days (enter the value code, followed by the number of covered and/or non-covered days that are included in the billing period); FL 48 is used for non-covered charges. For version 5010A1, 2300 HI BE is used for non-covered leave days, 2400 SV2 is for line level non-covered charges and segment 2320 AMT A8 is for non-covered total charges.

If you have any questions please contact the IME Provider Services Unit at 1-800-338-7909, or locally in Des Moines at 515-256-4609 or email at imeproviderservices@dhs.state.ia.us.